

# EXECUTIVE SECRETARIAT

## ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR	X			
4	D/ICS				
5	DDI		X		
6	DDA		X		
7	DDO		X		
8	DDS&T		X		
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	NIO				
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SUSPENSE 21 May  
Date

Remarks

Executive Secretary

16 May 1985

Date

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# Thatcher promises new-style MI5 after report on Bettaney

By Anthony Bevens, Political Correspondent

The Prime Minister yesterday pledged determined action to eradicate significant "management weaknesses" in the Security Service, following publication of a scathing Security Commission report on the Bettaney case.

Mrs Thatcher told the Commons that she expected "a change of style of management" under the new director general, who was giving the utmost care and attention to the commission's "serious criticisms of the errors by the Security Service in relation to the management of Bettaney's career".

Sir Antony Duff, former chairman of the Cabinet Office Joint Intelligence Committee, has been given the sensitive task of satisfying Mrs Thatcher's demand for reassurance. His appointment, in February, coincided with delivery of the Security Commission report.

The commission, chaired by Lord Bridge of Harwich, concluded that there came a point in October 1982 when there should have been, "but was not", a very full investigation of Bettaney's withdrawn, isolated and drunken lifestyle.

Mrs Thatcher said that an investigation "would probably have led to the removal of his positive vetting clearance, and the cessation of his employment in the Security Service." In the event, he was arrested before he was able to pass to the Russians information that would have inflicted "grave damage" to British interests.

Although Whitehall sources last night refused to say whether anyone had been dismissed or transferred from the service, the report goes far wider than the

Bettaney affair to level charges of complacency, insularity, inflexibility and inefficiency at senior management level of the service.

It says that:

- A more open and self-critical style of management is required, to counter the necessary isolation of the service, and to encourage younger members to express their views.

- A coherent and explicit personnel strategy needs to be introduced, with thorough back-up training for all personnel managers at the Civil Service College, so that accountability and responsibility is clear-cut - following a thorough-going examination of personnel management practices in the service.

- Those under the age of about 40, who were normally barred from managerial responsibilities, should be trained for management and a substantial devolution of responsibility should be considered.

- The possibility of recruitment of "competent" personnel managers from elsewhere in Whitehall, "or even from a wider field", should be considered, and a two-way traffic of secondments and cross-postings between the Security Service, the Civil Service and the Armed Forces should be encouraged.

One other point made by the commission touches a more human difficulty faced by the service. The report said: "Many outstanding and distinguished historical figures have been notoriously heavy drinkers", and that there was a reluctance to report colleagues. But it emphasized that it was in the interest of the service, and involved no disloyalty, to report

on a colleague whose drunkenness "reaches the stage of offensive or indiscreet behaviour, or manifest loss of self-control".

In the Commons, Mrs Thatcher also anticipated the substantial pressure that exists on both sides of the House for a new internal complaints procedure.

She volunteered that the new director general had been asked to consider and report back on "what developments he proposed". Mrs Thatcher was pressed on that precise point by Sir Edward Gardiner, Conservative chairman of the Select Committee on Home Affairs, and by Mr Merlyn Rees, the former Labour Home Secretary.

The Prime Minister told Sir Edward: "We are naturally concerned that there should be a channel for those within the Security Service who have certain strong feelings about things they are asked to do; they should have a proper channel through which they can make their view known".

Mr Neil Kinnock, the Labour leader, responding to Mrs Thatcher's statement, said that another internal reorganisation would not, and could not, allay widespread concern: the service was not as professional as it should be in the discovery of spies outside its own offices.

However, the most drastic indictment was delivered by Mr John Browne, the right-wing Conservative MP for Winchester, who told Mrs Thatcher that service credibility was now so low that "surely nothing short of forming a new service will suffice".

10 MAY 1985

Security Commission report

# MI5 criticized for not ending Bettaney's security clearance

By Stewart Tendler, Crime Reporter

Faced with Michael Bettaney's history of heavy drinking MI5 should have stripped him of his security clearance when he was convicted for drunkenness and not allowed him to move to counter-espionage work, the Security Commission said yesterday in its report on the case. Bettaney was convicted last year of trying to spy for the Soviet Union.

A few days before Bettaney started his new job in December 1982, an MI5 internal security official expressed concern at his vulnerability, and asked to be told if Bettaney did not keep his pledge to stop drinking, the report said. Four months later Bettaney was drinking again, and spying, but no action was taken.

In a report dotted with recommendations for the Security Service, including the carrying out of positive vetting practices to the same high standard as other departments and watching the level of staff drinking, the commission roundly condemns the failure to deal with Bettaney after his conviction for drunkenness in October 1982.

By that stage Bettaney had been warned three times about his drinking, which began during service in Ulster between 1976 and 1978. As early as 1980 a senior officer warned Bettaney's new superior about the drinking.

By early 1982, when Bettaney was drinking the equivalent of a bottle of spirits a day, he should have been officially reprimanded, the commission said. A junior officer had reported that Bettaney was so drunk at a private party he was grossly abusive to his woman companion.

On the way home in a car Bettaney insulted the woman, who asked to be dropped off. At her home she got out of the car and ran away, pursued by Bettaney who could barely stand. A lighted pipe was burning in his pocket.

In October 1982, Bettaney was reprimanded after his conviction but the report said: "We do not doubt that those responsible for the decision to

limit action... believed what they were doing was appropriate. Our firm view is they were mistaken. It is at this point alone that we say with confidence that the security service could, and in our judgement should, have taken action".

Bettaney's positive vetting should have been rescinded. This would have prevented him becoming an agent.

When the question of tougher action was put by the commission to the then director general of MI5, they were told that the resignation offer made at the time by Bettaney could not have been accepted, it was felt that it was better to have Bettaney under the service's control and one breakdown should not cost MI5 an experienced officer.

The commission decided: "We must express our own unequivocal view that if the holder of a sensitive PV post is found to have, or is suspected of, a character defect which calls his fitness for PV clearance into question, it cannot be good ground for continuing his PV, and consequent employment in highly-sensitive work that withdrawal of PV clearance might itself jeopardise the security of information...."

Looking at the Bettaney case under a series of headings, the commission found:

## Employment history

In 1976, undergoing training for "an operational role involving a high degree of stress" (thought to refer to Ulster) Bettaney "expressed some doubts about the prospect of this assignment and his suitability for it".

## Treachery

The commission recommended that random searches should be introduced for staff leaving MI5 premises. Bettaney was able to take a camera in and out of the building.

## Character, motivation and drinking habits

Bettaney, who was seen by the commission in prison, was a man with a "considerable sense of inferiority and insecurity". In prison he avoided his Marxist

beliefs, saw no inconsistency with his Roman Catholicism and only regret was for any disloyalty to colleagues.

Looking at his drunkenness the commission said: "We do consider, however, that the extent of his drinking and the occasions of extreme drunkenness which became known to his instability of character to which insufficient importance was attached."

Drinking was noted in Bettaney's annual report in the spring of 1982 and taken up with him by a staff management officer. He was reprimanded in October after the drink conviction, and told he would be dismissed if there were further incidents. Four days later he was arrested for travelling without a ticket on a train but kept the case from his superiors.

## Errors made by the Security Service in relation to Bettaney's employment.

The commission found that the ethos of the service in the past had not been alert to the risks of drink.

There was not enough reaction to Bettaney's drinking at this stage before the conviction. MI5 agreed that with hindsight Bettaney should have seen a doctor in 1981.

Bettaney should have been suspended pending investigation after the court case, should have been put into counter espionage if he was allowed to keep his clearance after the case.

## Positive vetting Procedures:

When Bettaney's PV was examined at the end of five years it was "both superficial and inadequate". No one who had supervised Bettaney had been consulted, although this was normal in other departments. The commission said this should have been done. This officer who did check the PV was never told about Bettaney's doubts in 1977. Changes had now been made in the system.

Report of the Security Commission, Mann 1985, (Stationary Office, £3.70).

## SOMETHING ROTTEN IN SECURITY

"The Russian interpretation of detente has meant the chance to extend by overt and covert means their influence and political control wherever opportunity offered," the Prime Minister once told the Commons, and later, reminded MPs in the last Parliament that since this threat was continuous "our safeguard needs equally to be continuous". It is important to remember the pervasive quality of this war of subversion when evaluating the sorry tale which she had to unfold to the Commons yesterday in her announcement about the Security Commission review of the case of Michael Bettaney, the MI5 officer who was jailed last year for his attempt to spy for the Soviet Union.

Something is rotten in the conduct of the British security service. Of course the nature of its work means that we hear only of its failures and not of its considerable successes. But it is the manner of those failures and the systemic defects which they reveal which leaves one with so little confidence about the management of the service as opposed to its operational expertise.

The litany of treachery since the war starts with the Cambridge conspiracy and certainly one should not assume that it will have ended with Bettaney. It reveals that the service has always completely lacked an ability or desire for some efficient, reliable and objective system of self-scrutiny. Perhaps that is asking too much of any secret service, but it has certainly been too much for MI5. It has become so introverted, partisan and in a sense, such a pebble of a machine among the concrete blocks which make up Whitehall's bureaucracy that one can see the historical grounds for this inherent defensiveness.

As G. K. Young, a former Whitehall intelligence officer, writes in his book *Subversion and the British Riposte* "MI5 is basically a research team drawing its information from special branches of police forces and other agencies. When suspicious activity is uncovered its small group of agents is called into action and if the evidence is sufficient to warrant a charge the file is turned over to the Director of Public Prosecutions. It has no powers of arrest and its work depends on good relations with

other departments, so although the Director-General has a right of direct access to the Prime Minister, he does not lightly go over the heads of permanent under-secretaries for fear of creating future problems."

As Mr Young states, it has always been the aim of the Foreign and Home Offices to keep security work low key and in the hands of "safe" men. The desire for secrecy was always more a departmental desire than one held by the field officers themselves. Now the Prime Minister intends the new Director-General to sort out MI5, presumably with sufficient authority to overrule the traditional sensitivities of the contracting departments. However, the details of the Bettaney case show that the root cause of inefficiency goes far below the level of policy or accountability and concerns the basic question of self-scrutiny for deviant behaviour and insufficient grounds for positive vetting.

The Security Commission Report reveals that the fact that Bettaney was drinking a bottle of spirits each day caused insufficient consternation in his department which had to wait until he received a formal conviction, and even then his status was not subjected to the most rigorous appraisal. Moreover during his last year's service, the instability of his behaviour was such that two independent enquiries were being conducted into it, each unaware of the other's existence. The answer to that kind of nonsense should not be confined to the generalized management rearrangements suggested by the Security Commission. A complete outsider should be recruited to carry out senior investigations and to ginger up the procedure of confidential reports. This man should probably be a senior policeman, working directly to the Director-General and being able to sift more scrupulously through the material compiled by service officers by virtue of his separate status from the brotherhood of career intelligence men who have hitherto had to spy on each other as well as on the other side.

The Prime Minister was prepared to introduce some internal complaints procedure to the service, as suggested by the Commission, provided that the

Director-General recommends such a thing after his own review has been conducted. It might have saved MI5 from the embarrassment of the recent television disclosures, but it does not go to the heart of a feeling for greater accountability from the service which seems to exist not just in Parliament, but within the service itself. From the latter, such a feeling could be allayed by the opening up of management techniques and the granting of greater responsibility to an intermediate level. That could do much to raise morale of the service, but it will never satisfy MPs.

Under political pressures during the past 15 years nations of the Western Alliance have been forced to open up their intelligence machines more than they prudently should have done if they had wanted to avoid impairing operational efficiency and service morale. However a system of parliamentary scrutiny could be devised for Britain under which the Prime Minister and the Foreign and Home Secretaries could expose themselves more directly to a regular and accountable session with parliamentary colleagues - say from a small group of Privy Councillors who would have to have occupied one or other of those offices of state. They would be shown all the papers shown to ministers and would be free to tell Parliament whether they agreed or disagreed with the line taken by ministers of the Crown without going into detail.

Two preconditions should really lie behind any such innovation, however. The first is that politicians seeking senior ministerial office should submit themselves to the same positive vetting procedures that they insist on for the professionals. The second is that the government of the day, having conceded some such accountability, should then have the confidence to encourage more offensive intelligence work than has been permitted under the cowed climate of the recent past. If the threat is as continuous as Mrs Thatcher has told us it is - and all the evidence corroborates that - then our intelligence and counter-intelligence operatives must be given room to go out and win the war in which, through no desire of our own, we have been forced to engage.